



**FOR IMMEDIATE RELEASE:
Tuesday, May 15, 2007**

Contact: Tom Eisenhauer
(323) 936-9303 or (310) 409-8475

Clearwater Port to hold itself to higher air quality standards

Letter to agencies outlines voluntary commitment to meet local air rules

HOUSTON, Tex. – NorthernStar Natural Gas Inc. today announced that its Clearwater Port project – an offshore liquefied natural gas (LNG) importation terminal proposed for 12.6 miles off the coast of Ventura County, California – will not ask the relevant permitting agencies to analyze the project as if it were located in the “Unclassifiable / Attainment” area associated with the Channel Islands. The commitment was made in a letter to the Environmental Protection Agency and the Ventura County Air Pollution Control Board (VCAPCD) today.

Clearwater Port’s compliance with VCAPCD Rules includes the application of Best Available Control Technology (BACT) to control emission sources and compliance with VCAPCD Rule 26, which requires offsets for emissions.

In his letter to the VCAPCD, NorthernStar Natural Gas Inc. Chief Executive Officer William “Si” Garrett wrote: “NorthernStar Natural Gas and Clearwater Port are committed to developing projects respectful of the environment while providing clean energy to fuel the economy of the future. This decision reflects our company’s values and is the right thing to do.”

“We believe this is the appropriate approach to permitting the Clearwater project and should be followed by others seeking to permit similar infrastructure projects,” Mr. Garrett wrote.

The company will be amending its EPA permit application to reflect this commitment.

As part of its regassification process, Clearwater Port will use Ambient Air Vaporizers (AAVs), which significantly reduce emissions by using moderate temperatures and offshore winds to warm the LNG until it returns to its gaseous state. Clearwater Port was the first project to propose using this technology off shore. Ambient Air Vaporizers require 80 percent less heat energy than combustion-based re-gasification technologies, resulting in correspondingly lower air emissions. Clearwater Port’s design also avoids the use of on-site gas storage and processing, further minimizing its environmental footprint.

About Clearwater Port LLC

Clearwater Port believes natural gas is vital to California's clean energy future. Our plan centers on transforming an existing offshore platform known as "Platform Grace" located 12.6 miles off the coast of Oxnard, California. By converting this existing oil and gas structure into a receiving terminal for the re-gasification of LNG, Clearwater Port minimizes its environmental footprint. Upgrading an existing structure will cost less and take less construction time than building another off-shore structure. That means Clearwater Port can begin safely supplying affordable, clean-burning natural gas to California before other proposals — once Clearwater Port has completed the rigorous federal, state, and local safety and environmental permitting process. For more information about Clearwater Port LLC, please visit: www.clearwaterport.com

About NorthernStar Natural Gas Inc.™

At NorthernStar Natural Gas, we create innovative solutions that bring clean, safe, affordable natural gas to meet America's energy needs. Led by a dynamic executive team with deep industry experience, NorthernStar Natural Gas is a US owned and operated company that is currently developing liquefied natural gas terminals across the country. We combine our business aspirations with a bold commitment to improve the communities where we live and work by generating new jobs and economic opportunities, supporting better education for our children and leaving a lasting legacy of environmental excellence in all that we undertake. NorthernStar Natural Gas is the Nation's Clean, Safe Energy Solution™. For more information about NorthernStar Natural Gas Inc., please visit: <http://www.northernstar-ng.com>

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NorthernStar Natural Gas
Clearwater Port

Via Overnight Delivery and Transmitted Electronically

May 15, 2007

Amy Zimpfer
Associate Director, Air Division
U.S. Environmental Protection Agency
Air Permits Office (AIR-1)
75 Hawthorne Street
San Francisco, CA 94105

Re: Clearwater Port LNG Receiving Terminal – Air Emissions Compliance

Dear Ms. Zimpfer:

Clearwater Port, a project of NorthernStar Natural Gas Inc., proposes to reuse Platform Grace, an oil and gas production facility located offshore from Ventura County, as a safe, state-of-the-art, liquefied natural gas (LNG) import terminal. This innovative project is designed to preserve California's coastal experience and the ocean horizon by making efficient use of existing energy infrastructure. As outlined in our Deepwater Port Application, Clearwater Port will incorporate advanced technology to minimize air emissions and other environmental impacts, while providing access to affordable, reliable natural gas – a key element in California's clean energy future.

To regasify the LNG, we will use a process that relies significantly upon the moderate temperatures and offshore winds in the Santa Barbara Channel to raise the temperature of LNG as it flows through Ambient Air Vaporizers (AAVs). AAVs require eighty percent (80%) less heat energy needed compared to combustion-based regasification technologies, resulting in correspondingly lower air emissions. Additionally, our project's design avoids the use of on-site gas storage and processing, further minimizing its environmental footprint.

We are well aware that the subject of air emissions has received considerable attention in the public discussion of liquefied natural gas import terminals. We are also aware that there remain some unresolved questions regarding air emissions compliance for projects, including Clearwater Port, that are subject to jurisdiction of the U.S. Coast Guard and the Environmental Protection Agency. We hope that this voluntary action on our part will resolve jurisdictional ambiguities and result in the application of the appropriate local air board standards.

In advance of commencing work on our draft environmental impact statement, and given the controversy that has existed with other projects regarding the applicable rules for this

type of project, I am writing to clarify Clearwater Port project's approach with respect to air emissions compliance for Ventura County.

Specifically, although our project is located 12.6 miles offshore, Clearwater Port will not seek to be permitted as a project located in the "Unclassifiable / Attainment" area associated with the Channel Islands. We believe this is the appropriate and rational approach to permitting an offshore project, and one that should be followed by others seeking to permit similar infrastructure projects.

Further, in addition to complying with all federal requirements for air quality, Clearwater Port affirms it will comply with all SIP-approved Ventura County Air Pollution Control District (VCAPCD) Rules. Our compliance with VCAPCD Rules includes, the application of Best Available Control Technology (BACT) to control emission sources and compliance with VCAPCD Rule 26, which requires offsets for emissions from platform operations, and for certain combustion, fugitive and reactive organic compound emissions, while offloading and during operation (pursuant to the letter from Michael Villegas to Gerardo Rios dated June 18, 2004).

We recognize that EPA is the appropriate authority to make a final determination on the applicability of air quality rules. We will be amending our EPA permit application to reflect this commitment.

Beyond the permitting approach described above, we would welcome the opportunity to explore other voluntary initiatives that would provide real, tangible air quality benefits for Oxnard, Ventura County, and downwind areas.

In closing, we believe this letter reflects our continuing commitment towards building a positive legacy for the environment and for the communities where we live and conduct business. In the coming months, our team looks forward to working cooperatively and constructively with you and your staff.

Please do not hesitate to contact me if you have any questions.

Regards,



William "Si" Garrett
Chief Executive Officer
NorthernStar Natural Gas

Cc:

Michael Villegas, VCAPCD
Mark Prescott, USCG
Mike Scheibe, CARB
Mary Hays, CSLC



NorthernStar Natural Gas
Clearwater Port

Via Overnight Delivery and Transmitted Electronically

May 15, 2007

Mr. Michael Villegas
Air Pollution Control Officer
Ventura County Air Pollution Control District
669 County Square Drive
Second Floor
Ventura, CA 93003

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William "Si" Garrett
Chief Executive Officer
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